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FISCAL IMPACT REPORT

ORIGINAL DATE 2/01/07
 SPONSOR Park LAST UPDATED 2/5/07 HB 352/aHBIC
 SHORT TITLE Boxing and Other Contest Gross Receipts SB _____
 ANALYST Schardin

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$77.0)		Recurring	General Fund
	(\$52.0)		Recurring	Local Governments

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 330

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
 Regulation and Licensing Department (RLD)
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industries Committee amendment to House Bill 352 restricts the deduction created in the bill to receipts from boxing, wrestling or martial arts contests that occur in New Mexico. This amendment addresses a technical concern that the original bill would have applied to receipts from broadcasting pay-per-view events and other events that do not take place in New Mexico.

Synopsis of Original Bill

House Bill 352 creates a new gross receipts tax deduction for receipts from producing or staging a professional boxing, wrestling, or martial arts contest, including the receipts from ticket sales and broadcasting.

The bill's provisions will become effective on July 1, 2007.

FISCAL IMPLICATIONS

TRD's fiscal impact estimate is based on information provided by the New Mexico Athletic Commission (NMAC) on the amount promoters receive from selling the rights to broadcast professional contests staged in New Mexico.

SIGNIFICANT ISSUES

This bill aims to bring additional boxing, wrestling and martial arts events to New Mexico. Currently, NMAC competes with neighboring states and tribal entities to host such sporting events in New Mexico. The receipts of tribal entities are not subject to taxation, so NMAC feels this bill will level the playing field.

Currently, about half of these professional sporting events that occur in New Mexico are regulated by the NMAC and about half occur at tribal facilities. NMAC reports that the share of these events occurring at tribal facilities has grown in recent years.

LFC notes that while individual deductions from the gross receipts tax may have small fiscal impacts, their cumulative effect significantly narrows the gross receipts tax base. Narrowing the gross receipts tax base increases revenue volatility and requires a higher tax rate to generate the same amount of revenue.

The bill will reduce local government gross receipts tax collections. Many of New Mexico's local governments are highly dependent on gross receipts tax revenue.

ADMINISTRATIVE IMPLICATIONS

The administrative impact on TRD will be minimal. Forms and instructions will be revised, taxpayer education materials must be prepared, and personnel must be trained.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

House Bill 352 duplicates Senate Bill 330.

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